



April 13, 2016

Ms. Betsy Howze, Finance Director
City of Rohnert Park
130 Avram Avenue
Rohnert Park, CA 94928

Dear Ms. Howze:

Subject: 2016-17 Annual Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (o) (1), the City of Rohnert Park Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period July 1, 2016 through June 30, 2017 (ROPS 16-17) to the California Department of Finance (Finance) on February 1, 2016. Finance has completed its review of the ROPS 16-17.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item Nos. 1 and 2 – Bonds funded from Redevelopment Property Tax Trust Fund (RPTTF) funding totaling \$1,364,338 are approved. However, Finance notes the total RPTTF authorization is for ROPS 17-18 debt service.

Pursuant to HSC section 34183 (a) (2) (A), debt service obligations have first priority for payment from distributed RPTTF funding. As such, the \$1,364,338 of RPTTF authorized to be held in reserve should be transferred upon receipt to the bond trustee(s). RPTTF funding approved for debt service obligations is restricted for that purpose and is not authorized to be used for other ROPS items. Any requests to fund the \$1,364,338 again from RPTTF will not be approved unless insufficient RPTTF was received to satisfy the approved debt service.

- Item No. 35 – Expenditure of excess bond proceeds in the amount of \$500,000. The Agency requested the incorrect funding source for the expenditure of excess Bond Proceeds. Per discussion with Agency staff and review of the documentation, this item has been reclassified from RPTTF to Bond Proceeds in the amount of \$500,000.
- Item Nos. 36 and 37 – Professional services and legal services associated with the sale of Agency properties totaling \$7,455 are not allowed. The properties sold are identified as Assessor's Parcel Numbers 143-051-065 and 143-051-066, respectively. The Agency's Long-Range Property Management Plan (LRPMP) was approved on June 19, 2014. As part of the LRPMP, the properties identified were approved to transfer to the City of Rohnert Park (City) for future development.

Pursuant to HSC section 34191.5 (c) (2) (A) and 34180 (f) (1), any property for which the permissible use has been identified as future development should be transferred to the city, at which time they may fund future redevelopment activities from their own funds. These properties were to transfer from the Agency to the City, and the City was then required to reach a compensation agreement with the affected taxing entities.

However, the Agency sold the properties without transferring them to the City; thus, the City did not enter into a compensation agreement with the affected taxing entities. In addition, Finance notes the County of Sonoma (County) refuses to acknowledge the sale of the properties and believes the Agency should remit the sales proceeds to the County Auditor-Controller for distribution.

The Agency should work with the County to reach an agreement regarding the proceeds from the sale. The properties were not disposed of in accordance with the Agency's approved LRPMP; therefore, the associated costs pertaining to sale of these properties are not allowed and not eligible for RPTTF funding.

Except for the items denied in whole or the item that has been adjusted, Finance is not objecting to the remaining items listed on your ROPS 16-17. If you disagree with Finance's determination with respect to any items on your ROPS 16-17, except for those items which are the subject of litigation disputing Finance's previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

On the ROPS 16-17 form, the Agency reported cash balances and activity for the period of July 1, 2015 through June 30, 2016. Finance performs a review of the Agency's self-reported cash balances on an ongoing basis. Be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved enforceable obligations, HSC section 34177 (l) (1) (E) requires these balances to be used prior to requesting RPTTF.

The Agency's maximum approved RPTTF distribution for the reporting period is \$4,906,590 as summarized in the Approved RPTTF Distribution Table on Page 4 (See Attachment).

ROPS distributions will occur twice annually, one distribution for the July 1, 2016 through December 31, 2016 (ROPS A period), and one distribution for the January 1, 2017 through June 30, 2017 (ROPS B period) based on Finance's approved amounts. Since Finance's determination is for the entire ROPS 16-17 period, the Agency is authorized to receive up to the maximum approved RPTTF through the combined ROPS A and B period distributions.

On the ROPS 16-17 form, the Agency was not required to report the estimated obligations versus actual payments (prior period adjustment) associated with the July 1, 2015 through December 31, 2015 period (ROPS 15-16A). The Agency will report actual payments for ROPS 15-16A and ROPS 15-16B on the ROPS 18-19 form pursuant to HSC section 34186 (a) (1). A prior period adjustment will be applied to the Agency's future RPTTF distribution. Therefore, the Agency should retain any difference in unexpended RPTTF.

Please refer to the ROPS 16-17 schedule used to calculate the total RPTTF approved for distribution:

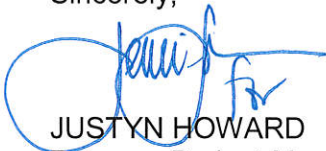
<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's determination related to the enforceable obligations reported on your ROPS for the period July 1, 2016 through June 30, 2017. This determination only applies to items when funding was requested for the 12-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Wendy Griffe, Supervisor, or Erika Santiago, Lead Analyst, at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Elizabeth Smith, Accountant, City of Rohnert Park
Ms. Brooke Koop, Property Tax Manager, Sonoma County

Attachment

Approved RPTTF Distribution For the period of July 2016 through June 2017			
	ROPS A Period	ROPS B Period	Total
Requested RPTTF (excluding administrative obligations)	\$ 2,113,331	\$ 3,050,714	\$ 5,164,045
Requested Administrative RPTTF	125,000	125,000	250,000
Total RPTTF requested for obligations on ROPS 16-17	\$ 2,238,331	\$ 3,175,714	\$ 5,414,045
Total RPTTF requested	2,113,331	3,050,714	5,164,045
<u>Denied Items</u>			
Item No. 36	(2,427)	0	(2,427)
Item No. 37	(5,028)	0	(5,028)
	(7,455)	0	(7,455)
<u>Reclassified Item</u>			
Item No. 35	0	(500,000)	(500,000)
Total RPTTF authorized	2,105,876	2,550,714	\$ 4,656,590
Total Administrative RPTTF requested	125,000	125,000	250,000
Total Administrative RPTTF authorized	125,000	125,000	\$ 250,000
Total RPTTF approved for distribution	2,230,876	2,675,714	\$ 4,906,590